

May 15, 1975

SENATOR CAVANAUGH: No, I didn't. Just tell me what he said.

SENATOR STONEY: Well, with the increase in the income.. state income tax, the 12%, that will not generate an increase in the sales tax from the present 2.5 throughout the state and the 3.5 in Bellevue, Omaha and Lincoln. This is an estimate with the figures we have, \$ 361,000,000. Do you have this sheet? Have you seen it before?

SENATOR CAVANAUGH: What figures are you citing there?

SENATOR STONEY: It was produced by the Department of Revenue Research office.

SENATOR CAVANAUGH: What are your figures for a 12%?

SENATOR STONEY: \$361,077,104. Do you see those over in the one 2/3 column, the projection?

SENATOR CAVANAUGH: OK. That's the total of everything.

SENATOR STONEY: That's the total of everything.

SENATOR CAVANAUGH: Right.

SENATOR STONEY: My question to Senator Carsten, would the 12% increase in the state income tax or raising it to 12%, would it generate an increase in the sales tax which sets at its present rate and he informed me that it would not. I was wondering what figures you might have that would indicate that they would be...may I finish my question? Increased in the city of Omaha to either 4 or 4 1/2%? What figures are you...

SENATOR CAVANAUGH: First of all, Senator Stoney, the 361 million dollar figure is meaningless as far as what we are talking about. That's the total of all revenues. What we are talking about is at what point do we have a sufficient disparity between income tax revenues and sales tax revenues to trigger an increase in the sales tax because if you are going to go on a 50-50 basis, at some point when you are not generating enough sales tax revenue commensurate with the income tax revenue, then it is going to trigger an increase in the sales tax. Now the figures are that I have, a 12% income tax would generate a 169 million dollars and a 2 1/2% sales tax is projected to generate a 140 million dollars? Is that correct, Senator Carsten? And that is a disparity. And the sales tax generates at what, at what rate? That's a 29 million dollar disparity which would generate a 1/2% increase or a 1% increase?

SENATOR CARSTEN: Well, it is possible. Excuse me, Mr. President.

SENATOR CAVANAUGH: Well, that's fine. That's what the issue is.

SENATOR STONEY: Well, there seems to be a discrepancy here. I didn't think the information you provided me with, Senator Carsten, was that probably there would not trigger an additional increase in the sales tax and now Senator Cavanaugh asks questions and you say there is a possibility that it will. I am not trying to put you on the...